Transcription for AGTHIA

August 7th 2018

Corporate Participants

Ozgur Serin
Agthia Group – Vice President of IR and Corporate Communications

Tariq Al Wahedi
Agthia Group –Chief Executive Officer

Fatih Yeldan
Agthia Group – Chief Financial Officer

Mubarak Al Mansoori
Agthia Group – Senior Vice President of Human Capital & Corporate Services

Conference Call Participants

[removed]

Presentation

Operator
Ladies and gentlemen, welcome to Agthia First Half 2018 results conference call and webcast. I now hand over to Mr Ozgur Serin, Vice President Investor Relations and Corporate Communications. Sir, please go ahead.

Ozgur Serin
Good afternoon ladies and gentlemen. Thank you for joining us today in Agthia Group's 1st January/30th June 2018 first half earnings conference call. In today's prepared remarks, Tariq will first talk about the performance drivers behind our businesses with a perspective on the underlying market and category dynamics. Fatih will then take over and cover the financials for the same period. We will close the call with a Q&A session as usual. The presentation slides that support the prepared remarks are available in the investors section of our company website at www.agthia.com.

[Disclaimer]

Over to you, Tariq.

Tariq Al Wahedi

Good afternoon. We left half of 2018 behind us and I am quite pleased to share with you that overall, our results were pretty much in line with our internal estimations. Net revenues and profit reached AED 1.01 billion and 109 million respectively. Both posting like-for-like growth over the same period of last year. Fatih will furnish you with further financial details during his part, including the full reconciliation between the reported and like-for-like figures.

Food and animal feed business units continued their strong growth momentum, with a solid performance both in UAE and Egypt, food business increased revenues by 15%. In animal feed, net revenues increased by 5% over last year on a like-for-like basis when approximately 26 million net sales from Qatar exports and back to back trading are excluded from last year.

I am also very excited to let you know that our joint venture, Al Ain bottled water production facility in Kuwait, has finally started full commercial operations. Our locally produced Al Ain Water is now listed in some key retailers of Kuwait with increasing weekly run rates.

Profit turnaround in five of our business units that started two years ago continued with strong results. Three BUs are now in solid profits and aggregate losses of the group of BU have been halved versus a year ago.

Agthia, overall, company market share in the UAE for the past 12 months stands at 30% and this represents 135 basis points increase over previous 12 months MAT period. Total Al Ain brand, which is reinforced by Al Ain Zero last year and Al Ain Vitamin D since the beginning of this year reached 28%. During the period, brand health was successfully maintained and Al Ain bottled water continued its volume and value share leadership in the UAE bottled water market. Al Ain Zero maintained its position within top five bottled water brands in the UAE with over 4% volume share. Al Ain Vitamin D is performing in line with our expectations with its unique consumer proposition to help address the Vitamin D deficiency that is very high, especially in the UAE. It is encouraging to see that in the matter of less than six months, value share of this product in [modern] trade has reached almost 1%.

Alpin, 100% Agthia subsidiary in Turkey, bottling natural spring water and exporting to UAE as well as many other markets, including Germany and U.K., is now the second brand in volume share within the imported water sub-category in the UAE, considering there are over 300 brands in UAE market and our truly local brands are less than 10, Alpin's performance is noteworthy. Water is Agthia's flagship, accordingly, we have solid plans in place to further reinforce its leadership in UAE, as well as to carry Al Ain brand to the wider region with no less than regional leadership aspirations in the coming years. Our factory in Kuwait, which started commercial operations in July this year, is another step in this direction, following the acquisition of Delta Water last year in KSA.

Let's look at Al Ain Water's position with a perspective of the broader water market in the UAE. Above graphs are telling us a few things. First, it shows that our water business driven by Al Ain is outperforming the market by far, in terms of value and marginally by volume. We are also opening our gap versus our main competitor in the market both in volume and value. Secondly, we can see that there is still some volume growth in the market. Third and probably very important message is the inverted volume and value growth relationship in the past 12 months. It is not surprising for us, I mean, and it should not be for you either the fact that our consumers are spending much less and the producers are spending more, and this is being covered in many independent research pieces, as well as in the earnings statements of many listed companies. In order to retain their customers and consumers, the producers are reverting to some very aggressive promotional activities, ranging from free goods to outright deep price promotions to partially absorbed VAT, giving consumers some leniency to spend and themselves space for manoeuvring.

We, as a producer of a strong market leader brand in a very competitive water market cannot and do not stay unresponsive to this new normal. Nevertheless, we are doing it in a much more contained manner than our competitors, some of whom are really going well overboard in terms of the price cuts they are offering to the market. As a result, whereas the market is eroding value around 4%, our revenue remains flat.

This is new norm in the FMCG environment in our region. Although there are some recent signs of improvement in the underlying macroeconomic dynamics especially both in UAE and KSA, it is important to keep in mind that it takes time for these to be felt in the street by the consumers and to reflect upon their everyday behaviours.

Under food, there is real success story to talk about our food categories. Composed of trading, dairy, bakery, tomato paste, and frozen vegetables, this segment is now a significant contributor in our revenues and growth. Moreover, in the first half of this year, it has started to contribute in profits too. Back in 2014, this segment used to bring a little over 100 million in revenue, with a loss of approximately 28 million. In 2017, revenues shot up to 174 million and loss has been significantly reduced to a small AED 2 million. Revenue growth was driven by what we call “trading items”. On the back of portfolio expansion including our sister company’s Crown Dates, with a range from tea and coffee to tissues, poultry, olive oil and pasta trading items, they represent majority of our product portfolio in our communities' support division, what we call CSD business, which grew 38% in the first half of this year versus last year. Open to all local people of the UAE mainly through Abu Dhabi and Al Ain municipality outlets as well as Sheikh Khalifa Foundation Stores in North Emirates, CSD is also the backbone of our Government partnership programme that allows members from a wide range of Government organisations to purchase various products at discounted priced.

To the future, we are very optimistic about the additional growth opportunity here as the agreement that was signed in the first quarter of this year with Abu Dhabi and Al Ain and Al Dhafra Regional Municipality over the management of retail outlets starts to kick in fully in the second half of this year.

Tomato paste and frozen vegetables posted strong revenues and profit growth too, especially in Egypt where our growth versus last year was 28% [deleted: in the UAE]. Our tomato paste brand, Al Ain, is the market leader with over 20% market share.

In animal feed, animal feed continued also its positive momentum in the second quarter of the year. Quarterly revenues were AED 138 million, considering AED 70 million pertaining to the bulk back-to-back grain trading and some Qatar exports, which were in last year. It was marginally behind the second quarter of 2017 by 2 million only. Let me remind you that animal feed revenues are up 5% in the first six months of the year, versus like-for-like basis.

Gross profit margin reached 23% [corrected 22%] following a positive mix with higher volume and still subsidised commercial farms, in addition to price increases in this unsubsidised open market following recent commodity cost price increases. Combined with strong cost curve optimisation across all business functions, higher gross profit helped increase net quarterly profits by 45% year-on-year.

Two years ago, we decided to focus much more intensively on turning around five loss-making business units, which were pulling our bottom line down by approximately AED 16 million in the first half of 2016. In 2015 fiscal [corrected physical] year, total loss in our P&L attributed to these units were almost AED 40 million. Just two years on, we have not only turned Turkey, Egypt and tomato paste/frozen vegetables units into solid profit, but also reduced the aggregate losses to around AED 4 million. This is a result of determination to achieve our results. Our efforts paid out in bakery and dairy too, increasing the scale of both businesses and improving their profitability significantly, compared to two years ago. But these efforts were not enough to take them out of the woods completely. The market forces I mentioned above for water have been playing even stronger role in the dairy category where food and kids yoghurt sub segments declined by 10% and 16% respectively over the course of the last 12 months.

This is obviously dragging our foot in building scale in dairy as fast as we like. In bakery, our previously shared plans are [corrected is] moving forward, while the process takes its normal course of life.

I would like to finish with a slide where I want to put our performance in perspective with our regional peers. It is not surprising to read from the published material that all of us are going through an adjustment period to become leaner, more productive, and innovative in order to drive value for our shareholders and stay competitive in our markets. Low consumer spending is the common denominator, and it is fed by a multitude of factors ranging from tax introductions to a declining number of expats, [deleted and] population mainly in KSA. This same denominator also drives the current levels of pressure on the price and in terms of profitability.

We believe we have so far been successful in our efforts to weather these challenges and I am glad to see that it is also reflected in our numbers, even when compared to our peers. It particularly makes me proud that we have achieved what we achieved under the additional strong headwinds of subsidy withdrawal. It is not at all a small matter. I am, therefore, confident that we will continue to do the right thing and work very hard to bring in the results in order to continue creating value for our shareholders.

Thank you so much. Over to you, Fatih.

Fatih Yeldan
Good afternoon. In the first half of 2018, group revenues reached AED 1.01 billion, group net profit for the same period has been AED 109 million. When compared to reported figures of the first half of last year, both top and bottom lines stayed behind by 5.6 and 7.7% respectively. However, both revenues and profit of last year include transactions that don’t exist or repeat in this fiscal year. Business growth calculations based on the reported figures, therefore, misrepresent the true operational performance between these two periods. When equalised for such items under like-for-like column above, we can see that both revenues and profit have actually performed better than last year, net revenues by almost 1% and net profit by 6%.

Let's look at the performance by business on the next slide. On a like-for-like basis, five business units out of a total of eight have performed better than last year. They represented AED 729 million worth of sales or 73% of total group net revenues. Cumulatively, these business units grew by 5% over last year. On the other hand, three business units stayed behind their 2017 performances, contributing AED 278 million into the group net revenues, these businesses were 8% behind last year.

Food consisting of tomato paste and frozen vegetables, trading items, dairy and bakery continues its remarkable business turnaround, both in the UAE and Egypt. Overall, net segment revenues totalled AED 105 million, an increase of AED 14 million or 15% when compared to last year, 13% in the UAE and 28% in Egypt. Trading items portfolio that is included in this group continued its accelerated business growth, mainly on account of Al Ain and Al Dhafra municipality retailer outlets, in addition to the new products.

Total water net revenues for the period reached AED 405 million and stayed flat versus a year ago on a like for like basis. Both bottled water and five-gallon water displayed strong volume growth in the UAE at 5 and 11% respectively. In the case of five-gallon, strong volume was also reflected in equally solid 9% net revenue increase. In bottled water, aggressive price promotions in the UAE as a response to growing price consciousness of the consumers have resulted in reduced net pricing.

In Saudi Arabia, both consumers and markets are correcting themselves in the aftermath of changes that are taking place in the country. Weak demand that we are currently experiencing in our Saudi business is the outcome of this transformation that we believe is temporary. In Kuwait, our joint venture bottled water factory is now fully functional and commercial operations started in the second week of July. In Turkey, our subsidiary is now profitable after some years of net losses.

Beverages net revenues recorded AED 34 million and remains behind last year. Juice category in the UAE is still under pressure with both volume and value declining in high single digits. We experienced a great deal of switched buying patterns to multiservice packs, smaller pack sizes and to cheaper juice segments from more expensive pure and nectar segments as a result of increased price sensitivity by the consumers. On the other hand, we maintained our gross profit margin and net profit has improved mainly on account of lowered spending.

Animal feed net revenues for the period reached AED 280 million, excluding last year's revenues of Qatar export and bulk grain trading that amounted to AED 26 million, this year's sales represent 5% like for like growth over last year. This solid growth in business performance is attributable to higher volume in municipality outlets and still subsidised commercial farms, in addition to price increases in the unsubsidised open market following the recent commodity cost price increases.

Flour net revenues for the period reached AED 184 million, a significantly smaller subsidised environment coupled with soft consumer offtake and continued inflow of cheap imported flour are restricting our profitable growth options. Despite additional burden of increase with costs beyond our predictions, we managed to contain reduction in our revenues and net segment profit within our initial projections.

Let's now look at the reconciling items between reported and like-for-like revenues and profits of 2017.

Let's first look at the net revenues. When we consolidated Delta Water in the first quarter last year for the first time into our group results, we did so for four and a half months because of a mid-November 2016 signing date of the share purchase agreement. The impact of this was AED 16 million in 2017 results. Qatar exports have generated another 16 million in the top line last year in the first half. Similarly, in the agri business, there was a total of AED 35 million pertaining to back to back grain trading activity that was opportunistic in nature depending on global grain price movements.

When adjusted for the above items on a pro forma basis, Agthia's first half 2018 net revenues represent 8 million or approximately 1% like-for-like growth. In addition to the profit impact of abovementioned transactions, two other items had an impact on last year's profit; extraordinary income booked following the transfer of lease of one of our lands [replaced lines], and the second one, proceeds from the grain security stock contract that was later terminated in quarter four 2017. Stripping this off from 2017, we can see net profit in 2018 first half represents a like-for-like increase of just over AED 6 million or 6% when compared to last year.

Here is a summarised group P&L in order to pull everything we discussed above together in a complete picture. Obviously, you all have access to our consolidated full financial statements that are available on both our and ADX's website as of this morning. We already talked about the top line and I will cover the gross profit on the next slide in more detail.

The decline in gross profits is mainly a result of declining flour profitability on account of lower subsidy. Better volume and margin performance in feed and food has largely offset the impact of flour, minimising profit loss. The positive impact of our group-wide cost optimisation efforts is obviously in the operating expenses line on the P&L. Consisting of direct marketing, selling and distribution, general admin and R&D expenses, in addition to other operating income and expenses we managed to report 4% decline in our overall operating expenses in the first half of this year.

Small difference between the reported and like-for-like figures is due to equalisation of 2017 expenses for the impact of Saudi Arabia's additional 1.5

months of expenses. And other income, which were transfer of lease and proceeds from the grain security stock contract.

Lower net financial income this year is due to net interest expense versus income of last year, mainly due to interest we pay on the loan that we took for the Saudi acquisition.

Let's see what is driving gross profit margin improvement on the next slide. Group gross profit margin at 34.5% is at a historical high as a result of increasing weight of consumer business in group revenues, in addition to management's focus on the continued cost optimisation. Flour margin is lower than last year, as expected, as a result of lower subsidy in the bakery channel. On the other hand, animal feed margins are improving mainly due to higher volume in still subsidised commercial farms that improves volume mix favourably.

Despite aggressive pricing battles in the water market resulting in lower pricing and higher PET costs by approximately 35%, better mix in favour of more premium Al Ain Zero and Al Ain Vitamin D, in addition to continuous cost optimisation, helps us hold our ground in profitability. Food category margin is also on the right trajectory thanks to higher sales combined with better margins and cost controls in all of the food businesses.

As Tariq mentioned at the beginning, although there are positive expectations in the macroeconomic environment in the region, it is only prudent to expect a delay for this to reflect on the everyday life of our consumers who drive our businesses. We, therefore, stay moderate in our growth expectations at 0-1% over reported 2017 net revenues, however, this represents a much more than moderate 7-9% increase over equalised like-for-like 2017 top line. You will notice a couple of percentage points revisions when compared to our guidelines at the end of the first quarter, and this is mainly on account of weaker than anticipated demand in Saudi Arabia and depressed UAE water pricing.

Our net profit guideline estimate stays at flat versus a year ago. Let me remind you of the negative impact of incremental withdrawal of flour subsidies, in addition to anticipated increases in raw material costs in 2018, are projected to amount to AED 55-60 million. In other words, keeping last year's profit level at reported numbers effectively means to recover around AED 60 million of additional cost during the course of the year. Like-for-like net profit increase would indicate to a growth of 8-9%.

This concludes our prepared remarks.

Question and Answer Session

Operator
Our first question comes from Nishit Lakhotia, SICO. Please go ahead.

Nishit Lakhotia
I just have a few questions. First of all, congratulations on a strong set of numbers. My question, the first one is on the promotional environment, the pressure we are seeing in the bottled water segment in the UAE. How aggressive is this water, is Agthia's strategy? Do they want to combat this to protect market share or you want to maintain the brand premium, exactly where is management heading if this market remains weak in the next coming quarters? That's on the UAE market, water market, and on the Saudi market you mentioned that the market is weak and we have seen the decline in the like-for-like percentage for Delta, so how is your Saudi water business strategy shaping now in terms of even the acquisition that you are looking at? Is this expected in the next coming months or you are possibly delaying it, looking at the weakness in the market? Anything on that front would be helpful. Second, on the flour business, if you can give some idea on how is the market in terms of the imported flour competition and with now the final subsidy of the bakery segment also coming off in July, how is this [inaudible] what's the strategy to combat that hit on the bakery side? Finally, on the cost savings, how much more headroom do you think there is in terms of helping your margins going forward on the cost optimisation? Thank you.

Tariq Al Wahedi
I will answer the first three for you and leave number four for Fatih to answer. On the promotions side, of course, I mean, nothing is new. This has been on-going for the last 1.5 or 2 years where the market has changed to heavier promotions and lots of discounting. Retailers are putting lots of pressure on manufacturers and manufacturers are trying to grip harder to their consumer base and so on, and this is the real test that really comes to the brand and the brand equity basically. Thank god, I mean, our brand has demonstrated its robustness and this was clearly seen in the results that we have seen. The whole category has shrunk by 4% in value. We went flat, although all the discounting was happening etc and so on. It doesn't mean… as we continue to grow our market share. If you see, our market share grew about 1.5% from 28% to 30%, so we managed to continue that. Of course, you asked me a question on how do we manage the profitability, surprisingly we continue to maintain our gross margins. We have the highest gross

margins ever. We are at the highest point of our gross margin, so we are doing very well actually in terms of protecting our margins and profitability is supported by our niches, Al Ain Zero and Al Ain D definitely has contributed into boosting our profits. That's for your question number one.

On your question number two, you asked me about KSA and the softness of the market, and what we are seeing over there. We totally believe into the vision of the Kingdom and what's happening in there, and we believe that this is a temporary correction that's happening in there and the fundamentals are still very solid, and this is only a temporary correction that's happening. We are investing for the future. We are building our capacity. Again, we are coming from low numbers. We just started only last year. Our numbers are extremely low compared to everybody else. Definitely there is pressure in the market, but there is room for us to grow. That's why we are improving our capacity over there, we are improving our distribution over there, we are enhancing our channels and channels of distribution where we exist and into wider geographies now; we exist into wider channels over there now and things are improving. We totally believe into the KSA market and our plans are not deterring or being modified.

On question number three on the flour, the flour subsidy, of course, everybody knows that the last subsidy part is gone on July of this year. We were fully prepared for this like we were prepared for the subsidy removal two years ago. This was anticipated and we are protecting our market share in terms of clients and markets volume. Imported flour continues to come to the UAE market over here. There are lots of actions that are happening with the Ministry of Economy to take action on dumping cases. The law is very clear, it's well stated, and we are moving ahead with that, with other peers in the UAE to protect our market from dumping. However, we are not just dependent on that and just waiting for that decision to come. Of course, we are protecting our market share with aggressive plans of distribution and a smart SKU innovation production. Now, flour has become more innovative now where we have more customised flour SKUs based on customer needs, and this allowed us to do more cost optimisation per ton, basically.

These are the first three questions. I will ask Fatih to respond to you on question number four.

Fatih Yeldan

So on the cost optimisation side, to better understand the situation before, I also mentioned in my part, now in the first half versus last year, correct, actually there are significant changes which impact the profit line, like subsidy change, which happened last year, which impacts obviously the first half of this year when you compare it to versus last year, so which is more than 20 million in the flour business for just six months. Then PET prices – because of the increase also on the oil obviously, PET prices went up 35%. This is the first half and versus the last first half, so that has also impacted about 6-7 million in our business. Then the Qatar business we don't have because of the things you know and then there were some other one-off items, and despite all this, if you add them up, you will come up 40 million plus numbers and in our reported numbers actually we are 9 million down, so the difference actually mostly is coming from the cost optimisation.

I'm not here mentioning about the hit coming from the water pricing and all these kinds of things. If you put them, you will get a higher number, so cost optimisation this first half hurt [helped] us a lot actually to deliver like-for-like 6% growth, so we are talking about 30 million plus impact coming from cost optimisation, and this comes from all functions, all areas, from any kind of purchasing, from [inaudible] in the production, utility usage, transportation, less warehouses, third party warehouse usage, everything you can imagine that a company has, we are actually attacking each of these lines. The same actually continue in the second half, because you know that actually the second half we will have, again, the impact of the second subsidy removal now on July 1, subsidy put on flour, on the bakery, removed as fully, so… versus the second half of last year, that will have an impact of about 19-20 million for us.

Then PET prices, same story, and then on top of that actually grain prices also going up versus last year, so all grain prices – wheat, corn, barley, everything. Obviously some will be passed through the price and everything, but net-net actually the second half waking [weighing] up with significant impact on the profit line, so this will be actually again offset by the cost optimisation initiatives that we have. The first half ones that will give us again some benefit in the second half and there are some other ones as well which will be coming additionally in the second half, so altogether we'll be easily 60-plus, 70 million almost cost optimisation impact in total 2018. Otherwise, for us it would be impossible to achieve or estimate or give an outlook for the total year flat versus last year, because the impact of the subsidy, 40-plus million, then the PET, then the grains, then having no Qatar or some one-off items, so cost optimisation around this less profitable, let's say, or non-profitable businesses and good performance in the feed, so all these things actually helps us, but the biggest part, I will say, comes from the cost optimisation.

Nishit Lakhotia
Just one thing on the last quarter, Tariq mentioned that we are looking at a few companies for the Saudi water business acquisition. Is there any update on that?

Tariq Al Wahedi

Yes. We continue to look into targets in Saudi, but we are looking for the right targets, basically; something that will be meaningful for us, that will match our culture and our product quality and so on, so that's why it's taken a bit of time, but we are getting very deep in terms of market analysis and selecting the right candidates on that. We are looking at a few options as we speak now, so hopefully if things work out, we might be able to materialise something by the end of the year or maybe around Q1 of next year.

Operator

Our next question comes from Angat Dugal, The National Investor. Please go ahead.

Angat Dugal

I have two questions, one of which is related to the capacity in Kuwait and also how are you hedging yourselves in this PET price increase?

Tariq Al Wahedi

Yes, capacity for the Kuwait, we are… the capacity for the line is 7.5 million cases per year over there and we are… this is the capacity over there and we are ramping up very, very fast in Kuwait now and distribution is happening as we speak. The market is accepting the market in better than expectations basically in terms of the sales in Kuwait.

Fatih Yeldan

On hedging, on the PET, you know, basically it is a bit different than other commodities, so when it comes to grains, hedging, it is a bit more straightforward, so that when you hedge, for example corn or soya, and in real life when you buy later on physically, there is a good relation, direct relation, with the future price and the physical price. However, in the PET, it's not that simple, it's not that straightforward, there is not first of all a PET future. You have to tie to different things and then in the physical market here, there is no perfect relation with those future prices, so there is a significant difference in the absolute amounts. For example, today PET price per ton is about $1,300. If we go for futures of these things, what happens afterwards with those futures and the physical price, there is up to 15-20% differences, which means if you go for futures, not necessarily you will really get the full benefit or any benefit, so that's why actually we don't use futures for the PET. What we do is we are trying to find the good price and then we are covering physically for ourselves or up to six months, seven months sometimes, so for example this year for the moment we have about another three, four months' coverage and we are currently looking for the covering of first half of next year. It will all depend on the, as I said, physical prices and, again, if you buy you have to obviously store it as well, but futures is not the best tool for us for PET. That's why we are not using it basically.

Angat Dugal
Okay and also any update on the high speed water line that's supposed to be operational in Q3 in Saudi.

Tariq Al Wahedi
Yes, the line should be operational by 1 November, Insha Allah, so everything is on schedule and its construction has already started on-site and we expect it to be operational by 1 November.

Operator
Our next question comes from Neveen Ghonima, Beltone Financial. Please go ahead.

Neveen Ghonima
I have a couple of questions, please. You mentioned that the next [audio] animal feed is moving towards the subsidised channel and this is positive of course, but I want to know at the moment after the partial subsidy removal and the changes in the mix, what is the percentage of the feed and flour sales that are subsidised versus the unsubsidised percentage? Also, can you tell us more about the new line, what will be the capacity and what is the expected investment [inaudible]?

Fatih Yeldan
So let me start from the subsidy and then Tariq will go onto Saudi. Now, in flour, as of 1 July, the subsidy is removed from the bakery channel, so all the remaining subsidy is in the government channel, so the percentage to total sales in the volume, this is about 8%. 7, 8% of our total sales volume in the flour remains now subsidised. Now, when it comes to feed, yes, there is an increase, there is an increase in the subsidised volume in the feed business, which is going to the commercial farms, but still, I just talked about total volume; we are talking about now roughly 32-33% of the volume is subsidised, so that's in the feed and, as I said, 7, 8% is like that.

Tariq Al Wahedi
Concerning your question on Saudi, the high-speed line has a capacity of 85,000 bottles per hour and the cost is roughly about SAR 30 million. That includes the full infrastructure and the line, and the buildings etc and so on.

Neveen Ghonima
Sorry, one follow-up question. You have increased the price of the unsubsidised flour and feed; can you tell us a guidance about what is the percentage? Is this now close to the open market price or is there still a differentiation?

Fatih Yeldan
Unsubsidised feed is open market price obviously. Open market price, yes – actually both of them are open market price, but in the flour case, because of the cheap imports and everything, you end up with giving discounts, so that's the thing impacting, otherwise obviously it is open market price.

[No further questions]

Ozgur Serin
Thank you very much everybody. Thanks for joining us again. If you have any further follow-up questions or any other enquiries, you know how you can reach me, and good evening from all of us here. Bye.